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`When Statisticians Have Wished To Lie':
The Lesson of the FCIC Report
by Lyndon H. LaRouche, Jr.

February 11, 2011—The Federal Financial Crisis Inquiry Commission (FCIC), has exposed a pattern of official and related lies, lies without which it would not have been possible for the U.S. government, and others, such as those of Europe, to have continued the practice of that reckless financial gambling which had reigned in U.S. and European economic policy since the time that the assassination of President John F. Kennedy cleared the way for the U.S. launching of ten years of folly of the protracted war in Indo-China. The assassination of that President's brother, Robert, who had been a likely victor in the 1968 Presidential election, permitted the continued reign of the folly which had been permitted by President Kennedy's assassination, a folly which was never reversed, ``come rain or shine,'' since the 1969-1973 term of a wretched President Richard Nixon, and, notably, the 1977-1980 term of that instrument of a spectacularly ``uncreative destruction,'' President ``Jimmy'' Carter.

The 1968 election of President Nixon had cleared the way for the August 1971 cancellation of President Roosevelt's 1944 Bretton Woods, fixed-exchange-rate system; the 1976 election of David Rockefeller's Trilateral Commission puppet, President Carter, led, in turn, into that process of looting the U.S. economy which led, over two decades, into the 1999 repeal of the 1933 Glass-Steagall Law....

Separate In-Depth articles from
Executive Intelligence Review
Vol. 38, No. 8
(Suitable for emailing, printing and other organizing purposes.)
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This Week's Cover

- **'When Statisticians Have Wished To Lie':**
  The Lesson of the FCIC Report
  by Lyndon LaRouche.
  The Federal Financial Crisis Inquiry Commission, a.k.a. the Angelides Commission, has exposed a pattern of official lies, without which it would not have been possible for the U.S. government and others, to have continued the practice of the reckless financial gambling which has dominated U.S. and European economic policy since the time of the assassination of President John F. Kennedy. The 1968 election of Richard Nixon cleared the way for the August 1971 cancellation of FDR's 1944 Bretton Woods system, the beginning of a process which led to the 1999 repeal of Glass-Steagall, which, in turn, triggered the careening of the U.S. economy into the state of hyperinflationary bankruptcy which now grips the trans-Atlantic community. Now, the Erinyes are unloosed! The time of the would-be Mussolinis in the state capitols has already gone, quicker than they could learn to say 'Egypt.'

National

- **From the Magreb to Madison:**
  The Global Mass Strike Comes to Wisconsin
  The global mass strike, which has already swept the Presidents of Tunisia and Egypt from power, and has expanded throughout the Maghreb into Southwest Asia, has now hit the streets of the United States. For the past week, tens of thousands of protesters have surrounded the State Capitol in Madison, Wisc., in defiance of the governor's plans to rip up public sector workers' collective bargaining rights, as part of his murderous austerity drive. Demonstrators in Madison carried banners reading, 'We are all Egyptians' and 'Mubarak and Ben Ali are gone, Walker is next.'

International

- **Egypt Is Everywhere!**
  Put Price Controls on Food and Enact GlassSteagall
  by Helga Zepp-LaRouche.
  Politicians have obviously not understood it yet, but a revolt has broken out worldwide against hunger, outrageous food prices, glaring injustice, corruption, oppression, and reactionary elites, all of which rob the youth of their future. The 2011 uprisings in North Africa and Southwest Asia, as well as the mass demonstrations in the U.S., express the popular realization that, without republican freedom, people will have neither food, nor hope for the future.
- **Prevent 'Biblical Exodus' from Africa:**
  Build Water and Energy Infrastructure
  The thousands of Tunisian refugees flooding onto the small Italian island of Lampedusa, sounded alarm bells throughout the capitals of Europe. The refugee wave, driven by a devastating economic crisis, will soon expand to Egypt and other countries, if policies do not change.
    - **The Sicily-Tunisia Tunnel:**
      Link to Africa
      Italian economist Dr. Nino Galloni gave this presentation at a Schiller Institute conference, on 'The Eurasian Land-Bridge Is Becoming a Reality!' held Sept. 15-16, 2007, in Kiedrich, Germany.

History

- **Defeating a Superior Enemy:**
  Frederick the Great, and the Battles of Rossbach & Leuthen
  Prior to the onset World War I, Gen. von Schlieffen, chief of the German General Staff, undertook a series of studies, based on the defeat, in 216 B.C., by Hannibal, of the numerically superior forces of the Roman army, at the battle of Cannae. One of the studies was a short analysis of the Battle of Leuthen, fought by Frederick the Great, in the Winter of 1757, also against significantly superior forces.

Editorial

- **No Sane Choice But Glass-Steagall**

This Week's News

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U.S. Economic/Financial News

Hedge Funds Swarming into Wheat Speculation

Washington Post: Budget Cuts Needed To Pay Interest on National Debt

NASA Budget Proposals: Race to the Bottom

Hedge Funds Swarming into Wheat Speculation

Feb. 14 (EIRNS)—The volume of betting on grain futures is soaring, with hedge funds rushing into trading on the Chicago Board of Trade (CBOT), and in Kansas City and Minneapolis as well. Wheat is going wild. In the week ended Feb. 8, on the CBOT, hedge funds and money managers increased their net-long positions—i.e., wagers on rising prices—by 19% to 51,787 contracts, the highest since August 2008 (according to government data available Feb. 11).

On Feb. 9, the day the monthly report of the U.S. Agriculture Department came out, showing world wheat stocks declining, wheat futures (March delivery) prices on the CBOT hit a peak of $8.9325 a bushel. This level is more than double that of last July. On Feb. 14, wheat prices shot up again in Chicago.

Washington Post: Budget Cuts Needed To Pay Interest on National Debt

Feb. 17 (EIRNS)—Despite all the whining by the members of the Catfood Commission, Congressional Republicans, and Republican-in-Chief Obama, about the danger posed to the economy by "entitlements" such as Social Security, Medicare, and Medicaid, there is a budget category much more dangerous, that none of them conceive of touching: interest payments on the national debt. The *Washington Post* let the cat out of the bag on Feb. 17, with a headline that that interest will quadruple in the next decade, under Obama's budget plan. "The borrowing the United States did over the past decade—to pay for the 2001 tax cut, the wars in Iraq and Afghanistan, and propping up the economy during the steep 2009 downturn—is coming due this decade."

"Starting in 2014," the *Post* writes, "net interest payments will surpass the amount spent on education, transportation, energy and all other discretionary programs outside defense. In 2018, they will outstrip Medicare spending. Only the amounts spent on defense and Social Security would remain bigger under the president's plan." The *Post* continues, "The soaring bill for interest payments is one of the biggest obstacles to balancing the federal budget, pushing the White House and Congress to come up with cuts deeper than previously imagined. Unlike with discretionary spending or even entitlement programs, the line item for interest payments cannot be altered except through other budget cuts."

NASA Budget Proposals: Race to the Bottom

Feb. 15 (EIRNS)—Trying to out-do each other in their race to destroy the space program, the FY12 proposals for NASA's budget from the Obama Administration and the Republicans call for severe cuts, that would continue to make it impossible for Americans to ever get out of Earth orbit.

The Administration FY12 budget proposal freezes NASA's spending at the 2010 level of $18.7 billion. This is $300 million less than the FY11 administration budget proposed last year, which was never passed. NASA, like the rest of the Federal government, is currently operating at its FY10 level through a Continuing Resolution. The Congress did pass an FY11 Authorization Act in October, which directed NASA to carry out a number of exploration programs. But that money was never appropriated.

The money that will be "saved" this year, when the Space Shuttle is retired, is allocated by the White House to increase commercial crew funding to $850 million, which is a level that the Congress will not accept. The rest is for a $1 billion "technology" development program, which Congress will also not go along with, since there is no serious mission in sight which would use new technology. For the Moon/Mars future, NASA has already told Congress that there is not enough money in the budget for a new heavy-lift launch vehicle for trips beyond Earth orbit, which Congress has mandated to fly by 2016.

The Republican budget proposal, released Feb. 11, outdoes the White House, proposing what would be a $578 million cut for FY11, contained in their bill to fund the rest of this year, after the Continuing Resolution expires in March. In addition, the bill prohibits any funds from being used to, in any way, cooperate with the country with the world's fastest-growing space program—China.

Global Economic News

- Moody's Fears Danish Burning of Bank Bondholders
- Vietnam Gearing Up for First Four Nuclear Reactors
- Swiss Banker Warns Switzerland Could Be 'Next Ireland'
- German Municipalities Strike Back Against Banks

Moody's Fears Danish Burning of Bank Bondholders

Feb. 17 (EIRNS)—With the fear that the era of burning bankholders is already upon them, the financial oligarchy's attack dogs, the rating agencies, have downgraded Danish banks, because the Danish government burned the creditors for the first time by allowing Amagerbanken to go into bankruptcy last week without paying off the creditors.

Citing the Feb. 6-7 bankruptcy of Amagerbanken, Moody's said that Copenhagen "is now far less willing to continue to support bank creditors at the expense of taxpayers" than just a few months ago. "Last week's bankruptcy of Amagerbanken demonstrated the willingness and ability of the government to allow depositors and senior creditors of Danish banks to take losses in bankruptcy, where bank operations are continued as a going concern," Moody's analyst Oscar Heemskerk said.

Vietnam Gearing Up for First Four Nuclear Reactors

Feb. 17 (EIRNS)—Vietnam has quietly inked deals with Russia and Japan to build 4 GW of nuclear power generating capacity. The first power station, composed of twin Russian 1000-MW VVER reactors, will enter revenue service in 2020. The second, composed of two Japanese-built reactors, will follow a few years later.

The Russian-built nuclear power station, Ninh Thuan-1, will be a turnkey operation with financing through Atomstroyexport. Rosatom, Atomstroyexport's parent firm, has committed to supply the fuel and retrograde the used fuel back to Russia. The two reactors are estimated to cost $11 billion, with most of the money coming from Rosatom. The Vietnam Electricity organization (EVN) will be the operator of the reactors. Like Russia, Japan has committed to providing export credits for up to 85% of the cost of construction of two reactors. A consortium of Japanese firms will build the two reactors for about $11 billion.

At the same time, Vietnam's nuclear power program also faces some stiff challenges, including the need for trained personnel and an effective, fully funded nuclear regulatory infrastructure. For now, the country is importing nuclear engineering expertise, along with technology, while sending its citizens to Japan and Russia for technical training.

No U.S. firms are in line for deals to build nuclear energy projects in Vietnam. Westinghouse and G.E. Hitachi have shown an interest in pursuing contracts for future reactors. Until U.S. diplomats sort out the nonproliferation issues in a 1-2-3 agreement, however, the companies' hands are tied.

Swiss Banker Warns Switzerland Could Be 'Next Ireland'

Feb. 17—The governor of the Swiss National Bank, Philipp Hildebrand, warned in an interview with the German weekly *Die Zeit*, that his country urgently needs to learn a lesson from the collapse of Ireland and address the problem of financial institutions that allegedly are "too big to fail."

"Ireland indeed gives us a dramatic example of what can happen. Ireland is an economy that in many respects is comparable with Switzerland, from size, structure and fiscal point of departure and today is in a disastrous state," he said. "This country was thrown back 10 to 20 years, ultimately because it didn't have a handle on the too-big-to-fail problem," he warned. As for Switzerland, Hildebrand noted that the balance sheets of the two biggest banks, UBS and Crédit Suisse, alone dwarfed the GDP of the entire country.

The banks instantly voiced their objections to Hildebrand's remarks: Peter Gruebel, CEO of UBS, said the envisaged regulations were "too tough," and would create "disadvantages for the Swiss banks" on the international scene. A few days ago, UBS and Crédit Suisse even hysterically threatened to move their headquarters to London, should the government and parliament of Switzerland pass the regulations.

The SNB governor responded in the interview by warning against any attempts to soften the proposals: "I will seriously weigh in, in the discussion and, if needed, explain again and again what it's about," he said. "It's about the essence of Switzerland's economy." The regulations envisaged are the "minimum" of what Switzerland should have, he added.

Hildebrand also warned that there was "too much liquidity in the system," which had to be reduced considerably before it turned into inflation. "The situation we are in can indeed become dangerous," he said, referencing the SNB's monetary policy assessment in December, which said that the "current expansionary monetary policy" can't be maintained over the next three years "without jeopardizing long-term price stability."

German Municipalities Strike Back Against Banks

Feb. 16 (EIRNS)—There are hundreds of cases in which municipalities and firms are being faced with ruin because of fraudulent swap deals they were tricked into by banks. But so far, only a tiny fraction of these fraud victims are going to court against the banks.

A few law firms are bundling such cases and taking them to court, on well-founded grounds that these swap deals were nothing but sheer gambling under the cover of "swaps." That already is a fraud, and against the law in Germany. The "swaps" then claim to earn high yields for the clients from the tiny differences—arbitrage—between trading in Frankfurt and London, as well as from the fact that the Frankfurt exchange closes one hour earlier than London's. But the market value of the deals is mostly, or always negative, which the banks know, leaving the client always on the losing end, and the miniscule percentage swap differences easily translates into a loss of several hundred thousand euros for the client.

This is what happened to the municipality of Pforzheim, which was drawn by Deutsche Bank and JP Morgan into loss-making swap deals amounting to a loss of EU77.5 million by Autumn 2009. In order get the money to pay for its losses, which were gains for the banks, Pforzheim, which had no option of borrowing new money, was forced to lease or sell of municipal property, in some cases even doing so on the threshold of illegality, itself.

Pforzheim Mayor Gerd Hager, who came in at that time, decided to cancel the deals on well-founded grounds that they are speculative and gambling affairs, which municipalities are prohibited by law from engaging in; therefore they must be cancelled, and the banks must reimburse Pforzheim. The municipality fought this through against Deutsche Bank, which has to pay the city back EU8 million, but JP Morgan insists that the city pay, and therefore Pforzheim is taking JP Morgan to court, optimistic that it can win this case, too, and make JP Morgan pay up.

United States News Digest

- Angelides Makes Waves in Sacramento
- Death Panels, Obamacare De-Funded in House Spending Bill
- Obama Cutting Deal with GOP To Implement Catfood Commission
- Obama Administration Tells Arizona: Okay To Cut Medicaid Rolls
- GOP Lawmaker Garrett Defends Derivatives
- U.S. Bankruptcy Judge Rules Against MERS

Angelides Makes Waves in Sacramento

Feb. 19 (EIRNS)—Despite very little press coverage, former Financial Crisis Inquiry Commission chairman Phil Angelides' book-signing event in Sacramento attracted at least 100 people, according to the *San Francisco Chronicle*, which takes note of the Angelides Report's status as a bestseller. "There's a tremendous amount of anger about what happened—people see that Wall Street is fine, and bankers are complaining in Davos [Switzerland; the World Economic Forum] that people are too hard on them, while meanwhile there are millions of people out of work and losing their homes," he said. "That this book is selling so well tells me that people are mad, and want to know what happened."

In a Feb. 17 radio interview from Sacramento on Capitol Radio (www.capradio.org), Angelides cited, among the causes of the crisis, the deregulation of derivatives in 2000, and the fact that "Glass-Steagall, which separated banking from risky securities, was wiped away."

He said that former Fed chairman Alan Greenspan had told the FCIC that he had been right 70% of the time and wrong 30% of the time, but that Angelides had replied that "the captain of the Titanic was right 99% of the time. It makes a difference what you're wrong about."

Asked how he had personally experienced the FCIC's investigation, he said that it was as if he had gone to his local community bank, opened the door, and suddenly found "a casino floor as big as New York, New York."

Death Panels, Obamacare De-Funded in House Spending Bill

Feb. 19 (EIRNS)—The House of Representatives has voted to block funding for the Independent Payment Advisory Board (IPAB), the brutal cost-cutting "death panel" which is intended to slash both payments for Medicare and for private health insurance as well. Rep. Nan Hayworth (R-N.Y.) had introduced Amendment #567 to the House Appropriations Bill, arguing that IPAB would be tasked with lowering Medicare costs, but that it would do this by reducing payments to hospitals, and shutting off access to care.

Hayworth's amendment was passed by voice vote this morning, as the House neared passage of the spending bill containing over $60 billion in spending cuts. The final vote on the entire package, which took place about 4:40 a.m., was 235 to 189.

Seven other amendments to prohibit funding for all or parts of Obamacare also passed, and while most of these amendments are given no chance of passage in the Democratic-controlled Senate (although in a mass-strike period, anything can happen), some Congressional Democrats did publicly opposed IPAB in the last session.

Obama Cutting Deal with GOP To Implement Catfood Commission

Feb. 18 (EIRNS)—The White House has opened back-channel discussions with Congressional Republicans to test their willingness to negotiate about cutting the costs of Medicare and Medicaid, closing what is called Social Security's "long-range insolvency," and revising the tax code, the *New York Times* reported Feb. 15.

Obama himself said on Feb. 15 that he and GOP leaders will "be in discussions over the next several months" on entitlement cuts. Senate Majority Leader Mitch McConnell (R-Ky.) indicated that he is ready to negotiate now with Obama over entitlement costs. "It doesn't have to be public," he said, "but we're still waiting for the President to lead."

Sen. Mark Warner (D-Va.), one of the ringleaders of the "Gang of Six" in the Senate which is attempting to get the Deficit Commission's genocidal schemes implemented, indicated that he fully expects Obama to be on board. In a CNN interview on Feb. 17, Warner said that Congress is focusing on domestic discretionary spending, which is only about 12% of the budget. "Unless we want to whack a lot of programs that actually do some good, you have got to take on the entitlement issues as well," Warner said. "I do think the President has continued to say he's open to this.... But you may need some of us, in a bipartisan area, to kind of go out in front and, again, take some of these initial arrows. But, at the end of the day, we won't get this done unless the administration is part of this long-term solution set. And I think he will be there."

Obama Administration Tells Arizona: Okay To Cut Medicaid Rolls

Feb. 17 (EIRNS)—Health and Human Services Secretary Kathleen Sebelius approved, in a Feb. 15 letter, Arizona Gov. Jan Brewer's proposal to save $900 million, by cutting 280,000 people—250,000 childless adults, and 30,000 parents of poor children (if the parents' annual incomes exceed $10,830)—from the state's Medicaid plan, during fiscal 2012. These cuts can be made, notwithstanding the requirement in the Obama Administration's Affordable Health Care Act, that states maintain their eligibility levels for Medicaid until the Secretary deems the states' new health insurance exchanges to be fully operational; the penalty for failing to maintain the eligibility levels, is a loss of eligibility for Federal matching funds.

The trick here, centers on the fact that the states' existing Medicaid programs include, beyond the federally mandated baseline medical services, "optional services," which the particular state had added in better economic times, often through the Federal matching funds. Many of the states—apparently including Arizona—have asked whether they can get a waiver from HHS for the "optional" portion of their programs.

Sebelius told Brewer that no such waiver is needed by Arizona, because, as the *New York Times* explained today, "Arizona's expansion of Medicaid to cover low-income childless adults had been enacted a decade ago with special permission from the Federal government, known as a waiver. That waiver, Sebelius wrote, is time-limited and expires Sept. 30," and no law requires the state to maintain that expansion beyond that date. Although the *Times* does not mention the cuts of less-indigent parents, reports on the California Healthline website and in the *Washington Post* indicate that those cuts are approved on the same theory.

GOP Lawmaker Garrett Defends Derivatives

Feb. 16 (EIRNS)—Rep. Scott Garrett (R-N.J.), chairman of the House Financial Services Subcommittee on Capital Markets and Government-Sponsored Enterprises, defended the cancerous derivatives market in an opening statement on Feb. 15 at a hearing on the implications of the aspect of the Dodd-Frank bill that would slap the wrist of the derivatives market. Garrett, who will be opposed for reelection in 2012 by LaRouche Democrat Diane Sare when she wins the Democratic nomination, has publicly attacked the Preamble of the U.S. Constitution's commitment to promote the general welfare. His lying defense of derivatives is entirely consistent with his attack on the Constitution he has sworn to uphold.

In his opening remarks, Garrett said that the Dodd-Frank bill "will have profound effects on our derivatives markets and our broader economy."

"But as this freight train of rulemaking speeds down the tracks towards a mid-July final rulemaking deadline, not enough alarm has been raised over the potential devastating effects this rulemaking will have on the U.S.-based derivatives markets."

Garrett then said that several market participants had told him that this "rulemaking ... would literally spell the end of U.S.-based derivatives markets. They would cease to exist."

Instead of rejoicing, Garrett claimed that this would mean a loss of jobs by making it impossible for many of our financial firms to compete with the rest of the world.

"The U.S. has already lost millions of manufacturing jobs over the last several years, but has remained a world leader in financial services. If there rules get implemented as is, that will no longer be the case."

U.S. Bankruptcy Judge Rules Against MERS

Feb. 15 (EIRNS)—U.S. Bankruptcy Judge Robert E. Grossman issued a ruling in the case against MERS, the Mortgage Electronic Registration System, set up in 1996 by Fannie Mae, Freddie Mac, and several of the big banks, primarily to allow mortgage originators to more easily securitize mortgages and bundle them into mortgage-backed securities, thus skirting the laws and the fees involved in transferring mortgages. MERS also facilitated a huge number of foreclosures in cases in which the actual ownership of the mortgages was, at best, obscure.

The judge, in Central Islip, N.Y., ruled that, "MERS and its partners made the decision to create and operate under a business model that was designed in large part to avoid the requirements of the traditional mortgage-recording process. The court does not accept the argument that because MERS may be involved with 50 percent of all residential mortgages in the country, that is reason enough for this court to turn a blind eye to the fact that this process does not comply with the law." Grossman rejected several concocted excuses put forward by MERS as to why their actions were legal—many of their arguments contradicting each other.

Bloomberg commented that Judge Grossman said he knew the decision would have a significant, potentially devastating impact on the (already collapsed) national mortgage market.

Ibero-American News Digest

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- Crop Destruction, High Food Prices: Will Mexico Be the Next Egypt?
- Fearful of Cholera Infection, Haitian Farmers Won't Harvest Rice
- London's Carry Trade Is Driving Brazil Back to the Dark Age
- ABIMAQ Head Challenges Banco Santander Lies

When the Economic Crisis Hits Stomachs

Feb. 18 (EIRNS)—Mass forces in Bolivia today joined a 24 hour strike called by the nation's largest trade union federation, the Bolivian Labor Federation (COB), to protest food scarcity and high prices, and to demand an increase in the minimum wage. Another round of protests is scheduled in all nine departments (provinces) to begin on Feb. 21.

The trigger for the growing mass struggle in Bolivia was succinctly put by COB Executive Secretary Pedro Montes: "The economic crisis which the country is suffering affects the stomach of every Bolivian."

Crop Destruction, High Food Prices: Will Mexico Be the Next Egypt?

Feb. 16 (EIRNS)—Associates of Lyndon LaRouche in the Mexican state of Sonora report that the enormous crop destruction caused by frosts earlier this month has plunged the country into total crisis. An estimated 1.4 million hectares of wheat, corn, and produce sown for the 2010-11 Fall-Winter harvest have been wiped out in the states of Sinaloa and Sonora, and to a lesser degree, in Chihuahua, Durango, Coahuila, and León. While the government of President Felipe

Calderón fiddles, peasant and farm leaders, as well as legislators, warn that resulting food shortages and high prices could cause a social explosion.

What makes the situation so volatile is that Mexican agriculture was already decimated, as a result of years of British free-trade policy imposed under the North American Free Trade Agreement (NAFTA). Once able to produce enough corn, wheat, and vegetables to feed its population, Mexico today is entirely dependent on food imports to meet national consumption needs. The crop destruction that just hit the North could be the final shock that unleashes an Egyptian-style response from an angry population.

A legislator from Sonora told members of the LaRouche Youth Movement (LYM) that the Calderón government is doing very little to address this crisis. In a Feb. 16 speech, the President admitted there is an emergency, but offered only token help. Agriculture Secretary Francisco Mayorga insists "there is no food crisis" in the country, and that the government will guarantee adequate food supplies, temporary jobs, tax breaks, etc.

But the $100 million fund available for disaster relief is a pittance. In southern Sonora alone, estimated losses stand at $250 million. Frost destroyed 113,000 hectares—500,000 tons—of wheat, and 50,000 hectares of produce. In Sinaloa, where 500,000 hectares of white corn, the key ingredient for tortillas, the main staple of the Mexican diet, were wiped out, estimated total losses are $3.3 billion—the equivalent of the state government's entire annual budget!

A farmer himself, this Sonora legislator reported that he had just introduced a bill demanding immediate government action, including declaring the affected area a disaster zone, and providing subsidies, credits, tax breaks, help in purchasing seeds, etc. Meanwhile, in order to prevent a total catastrophe, farmers are racing to plant substitute crops within the next 15 days. But in some areas, there is a shortage of seeds.

Food prices were already shooting up before this tragedy hit, and will now soar. According to the Independent Agriculture Workers and Peasants Union (CIOAC), between June 2010 and Feb. 14, 2011, the price of a kilo of garlic rose by 19%, squash by 4%, onion by 25%, carrots by 113%, eggs by more than 4%, papaya by 47%, bananas by 37%, and tomatoes by 80%. During the same time frame, the price of milk rose by 56%, the tortilla price by a whopping 100%, and the price of beans by 79%—-all these are products that are part of the daily Mexican diet.

Too bad, says Mayorga. "Very little" can be done to contain food prices, he stated on Feb. 17, as increases represent the "natural behavior" of the markets when faced with a scarcity of products!!

Fearful of Cholera Infection, Haitian Farmers Won't Harvest Rice

Feb. 16 (EIRNS)—In Haiti's rich Artibonite Valley, known as the country's "rice basket," farmers and day-laborers are afraid to go into the paddies to harvest rice, because they fear cholera infection from the water. This means a smaller food supply.

These fears are not unfounded. Because rural areas lack any sanitation infrastructure, local canals and rivers are used for everything—latrines, washing clothes, and food, and as *drinking water*. The Artibonite River was thought to be the source of Haiti's original cholera outbreak last October.

The repercussions will be felt nationwide. There will be less food sent to the capital of Port-au-Prince; families that normally travel from north to south, to work as day laborers on farms, won't do so this year.

In a recent government survey, 90% of Artibonite respondents said the water-cholera link has greatly affected them. Meat prices in local market have tripled, because people fear eating fish from the river; laborers who do agree to work, charge a premium, cutting into farmers' already small profits.

FAO official Etienne Peterschmitt told the Toronto *Globe and Mail* that cholera "just terrorized" people in the Artibonite; they didn't dare leave their homes, or have contact with anyone. One farmer says, "Our life depends on the rice we harvest. Since we have no other option, we'll have to start over again ... starting from scratch." The impact of this situation is expected to be felt throughout 2011. Farmers who aren't able to sell at market, will plant less this Spring, and when that crop is harvested, they'll have less to sell.

London's Carry Trade Is Driving Brazil Back to the Dark Age

Feb. 17 (EIRNS)—The manufacturing sector in Brazil is "running serious risk of extinction," the president of Brazil's Machinery and Equipment Industry Association (ABIMAQ), Luiz Aubert Neto, charged in a Feb. 10 call to arms. He pointed to the policy of favoring speculation over production, chiefly by high interest rates, as responsible for this calamity. Although Neto doesn't say it, those high interest rates are the key lure for the international carry trade, which is central to London's Inter-Alpha Group's operation.

As Lyndon LaRouche has been warning, this nation, which, not 30 years ago, was one of the up-and-coming industrial powerhouses of the developing world, its potential centered in its aerospace and nuclear sector, is now at the point of imploding, looted bare by London's carry trade.

Neto wrote that ABIMAQ has been ringing alarm bells that Brazil risks being reduced to a deindustrialized, denationalized, primary commodities-producing country for three years, and that warning now has been proven correct. In 2005, 60% of the machinery used in the country was made in Brazil, and 40% imported. By 2010, that ratio had inverted: 60% was imported, and only 40% nationally produced. In 2010, the machinery and equipment sector invoiced 12% less than pre-crisis (pre-2008) levels, but imports of machinery and equipment were 32.9% higher in 2010 over 2009, and 14% more than 2008.

"If this isn't deindustrialization, what is?" Neto asked. And it will bring unemployment and technological backwardness over the medium and long term."

ABIMAQ Head Challenges Banco Santander Lies

Feb. 17 (EIRNS)—When Alexandre Schwartsman, chief economist of London's key agency in Brazil, the Inter-Alpha Group's Banco Santander Brasil, attacked the Brazilian government's plan to cut its budget by R$50 billion as "very little, very late," the president of the Brazilian Machinery and Equipment Association (ABIMAQ) Luiz Auberto Neto fired off an immediate response, nailing Schwartsman on the policy that is killing Brazil: usury.

Schwartsman's demand for far deeper budget cuts was published on Feb. 17 in *Folha de Sao Paulo*, just days after he had demanded that the SELIC benchmark interest rate be jacked up to 13% by this June, from its already insane 11.25%, a move which, among other things, would radically increase the cost of Brazil's public debt. Schwartsman complained that the 2011 budget, even with cuts, is still going to be more than the 2010 budget in absolute terms, and thus, he argued, the government will not be able to cough up enough money to meet interest payments—the interest payments which his London owners are determined to increase.

In a letter published in *Folha de São Paulo* the very next day, Neto replied that Schwartsman "forgot to report" that Brazil will spend close to R$230 billion in interest payments on the public debt and currency reserves. "The R$50 billion which the government intends to cut represents only 21% of the transfer of income which goes only to one sector"—the financial sector. Any Brazilian family which had a cost like that solely for interest payments would be ruined.

"And that is what has been happening with the family of Brazil for the last 20 years. The high interest rate policy (defended in your column) is destroying the foundation of the family of Brazil, because investments in health and education do not represent a fifth of what we pay in interest. And you only have to look at the social indicators to see where the family of Brazil finds itself. Could your family survive with a cost like that?"

Western European News Digest

- Sinn Féin: Bailouts Risk Sovereign Default
- Germans Question Legality of Bailout Plan
- Ireland's Kenny Asks Merkel: Why Bail Out the Hedge Funds?
- Brits Told: Courts May Restrict German Options
- Banksters Descend on Greece
- A Call for a Tax on Short Selling
- Moody's Fears Danish Burning of Bondholders
- British Paper Calls on Readers To Mobilize for Glass-Steagall

Sinn Féin: Bailouts Risk Sovereign Default

Feb. 15 (EIRNS)—Sinn Féin's Finance spokesman Pearse Doherty warned that further money from the taxpayer should not be used to shore up deeply indebted banks, because the country is in danger of defaulting on its national, sovereign debt, reported RTE News Feb. 15. "We need to wake up here; we need to recognise that Ireland is in danger of defaulting on its sovereign debt, and it's not just me saying that; there are Nobel prize-winning economists saying that," Doherty said.

He said the massive private bank debt dumped onto the sovereign debt needs to be separated out, and, should Sinn Féin enter government after the election, it would tell the European Union that Ireland needs to reduce its deficit. He said Sinn Féin would not put any more taxpayer money into banks until a new state bank is created from the merger of Allied Irish Bank (a member of the Rothschild Inter-Alpha Group) and Bank of Ireland. That bank can only be in a position to lend, by getting rid of the bad debts.

Germans Question Legality of Bailout Plan

Feb. 15 (EIRNS)—German legal experts have concluded in a report, that the European Union's envisaged European Stability Mechanism (ESM), the post-2013 successor to the EU750 billion ($1 trillion) rescue fund European Financial Stability Facility (EFSF), needs the approval of the parliament, not by a simple majority, but by a two-thirds vote, because the changes at the EFSF would be so substantial, that they "risk breaching constitutional budget rules."

The report is a reminder to Chancellor Angela Merkel and Finance Minister Wolfgang Schäuble that these EU schemes cannot be pushed through, bypassing the parliament, as the two politicians had originally pretended, but that the Constitutional Court can rule the whole thing to be void. Getting a two-thirds majority in the parliament is not easy, especially as there is strong opposition to the EFSF plan in Merkel's own minor coalition partner, the Free Democrats (FDP), which also commissioned the legal report, and Merkel would need a considerable section of opposition votes for the plan to be passed anyway.

Merkel controls 332 seats in the 622-seat Bundestag, which suffices for a simple majority. Yet a two-thirds majority would—if all 332 government votes were secured—still need 83 opposition lawmakers to come on board to achieve the 415 votes necessary to pass the law. The ESM would, furthermore, need approval of the upper house, the Bundesrat, where Merkel lacks a majority, according to the report. Ceding fiscal powers to the supranational EU on a scale as intended by the ESM, is hardly possible to foresee, said the report, warning that democratic legitimacy for German support is that much higher, the graver the risks are for future generations beyond the current legislative period.

Ireland's Kenny Asks Merkel: Why Bail Out the Hedge Funds?

Feb. 15 (EIRNS)—The majority of Irish sovereign debt is no longer held by the original banks and investors, but by hedge funds and other speculators. Irish Fine Gael leader Enda Kenny informed German Chancellor Angela Merkel of this unsurprising fact during a 45-minute meeting in Berlin yesterday.

Today's *Irish Times* writes, "Mr. Kenny told the German leader he is anxious to reconfigure Ireland's banking debt problem by taking a closer look at burden-sharing with senior bondholders. An analysis conducted for Fine Gael by a major bank suggests that less than half of Irish sovereign bonds are still in possession of their original European owners. A majority are now owned by hedge funds and other investors from Luxembourg to New York 'having a punt on Ireland,' as one Fine Gael official put it, thus making 'haircuts' for private investors less politically problematic."

None of this was even reported in the German press, which chose to only mention the conflict over Ireland's low corporate tax rate. Kenny said he had insisted that the issue was "of absolute, fundamental importance to Ireland and that we could not concede any movement on these."

Brits Told: Courts May Restrict German Options

Feb. 18 (EIRNS)—Germany's Minister for European Affairs Werner Hoyer, speaking at the German Embassy in London, told journalists that the so-called "eurobonds" are "politically unrealistic and legally impossible," because of the forthcoming ruling by the German Constitutional Court on last May's bailout of Greece. This is one reason why, he said, that Germany will have to proceed with "caution" in relation to increasing the European Union's bailout fund.

Hoyer, a member of the Free Democratic Party (FDP)—the minor coalition government partner, many of whose leading politicians oppose the EU bailouts—added that there is "no agreement" as yet on the size of any future bailout fund, and that "restructuring" its sovereign debt remains an option for Greece.

Banksters Descend on Greece

Feb. 19 (EIRNS)—Inspectors from the EU, IMF, and the European Central Bank were in Greece last week to check on that nation's compliance with the conditionalities attached to the $145 billion emergency loan that was agreed to last year. The inspectors said Greece needs to privatize, or sell off, $68 billion in state assets and speed up reforms to "keep its recovery on track."

Greece's government spokesman Giorgos Petalotis said that the bankers' comments were unacceptable and amounted to interference into Greek domestic affairs. He said that, while Greece is in need, it also has its limits. He said the Greek government only takes orders from the people of Greece, and that no state land would be sold. Greece already approved a 2011 budget with new austerity measures that include cuts in health and defense spending, along with pension freezes and higher taxes.

There have been large demonstrations in Greece against these savage austerity measures.

A Call for a Tax on Short Selling

Feb. 13 (EIRNS)—In what appears to be one of the first fruits of the publication of the U.S. FCIC report (the Angelides Report) in Europe, the *Financial Times* website features a column by one John Chapman, today, which calls for reversing "the dangerous usurpation of financial markets by hedge funds." Chapman specifically cites the FCIC report's documentation on the role of the hedge funds in amplifying the 2007-09 crisis, as part of his argument.

According to Chapman, there is a draft regulation calling for disclosure and curbs on short sales and credit default swaps, and then a tax on short selling, being considered by the European Union. He urges that this be adopted, especially because of the enormous prevalence of short sales, and hedge funds, in the markets.

Moody's Fears Danish Burning of Bondholders

Feb. 17 (EIRNS)—With the fear that the era of burning bankholders is already upon them, the financial oligarchy's attack dogs, the rating agencies, have downgraded Danish banks, because the Danish government burned the creditors for the first time by allowing Amagerbanken to go into bankruptcy last week without paying off the creditors.

Citing the Feb. 6-7 bankruptcy of Amagerbanken, Moody's said that Copenhagen "is now far less willing to continue to support bank creditors at the expense of taxpayers" than just a few months ago. "Last week's bankruptcy of Amagerbanken demonstrated the willingness and ability of the government to allow depositors and senior creditors of Danish banks to take losses in bankruptcy, where bank operations are continued as a going concern," Moody's analyst Oscar Heemskerk said.

According to the *Financial Times*, the agency downgraded its rating for Danske Bank's long-term, senior unsecured debt by one notch, to "A1", and put it on review for a further possible downgrade. Danske Bank is the country's largest.

British Paper Calls on Readers To Mobilize for Glass-Steagall

Feb. 14 (EIRNS)—The first issue for 2011 of the British newspaper *The U.K. Column*, which is published several times per year in over 100,000 print copies and on the Internet, has called on its readers to mobilize for a global Glass-Steagall, and for a Glass-Steagall for the U.K.

The issue contains several articles on the economy, as well as articles on: the insanity of windmills vs. fusion power; the Irish bailout as a bailout of Rothschild's Inter-Alpha Group; the euthanasia policy at the National Health Service; British control of the Afghanistan opium trade; Robert Locke (the Straussian who wants ethnic cleansing of the Palestinians); Jeremy Bentham as the hitman of the British Empire; social brainwashing programs in the U.K. to pacify the population in the face of the collapse; and the history of the Venetians, from Venice to the British Empire to Hitler to today.

Southwest Asia News Digest

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From the Maghreb to Madison: The Global Mass Strike Comes to Wisconsin

Feb. 18 (EIRNS)—Demonstrations against austerity are exploding in the state capitals of the United States, and this is nothing less than a global mass strike in response to the worldwide breakdown crisis. There is no "local" situation, said Lyndon LaRouche today, the breakdown is "global," and you have to say, "global." Wisconsin is an extension of what happened in Egypt, in Tunisia, and is happening in Bahrain. "So, I'm referring to the Governor of Wisconsin, as the Sheikh of West Bahrain," LaRouche said. See this week's *EIR* InDepth: "From the Maghreb to Madison: The Global Mass Strike Comes to Wisconsin."

Obama Kills Peace with Veto of UN Resolution vs. Settlements

Feb. 19 (EIRNS)—On Jan. 19, in thorough disgust with the Obama Adminstration's capitulation to warmonger Israeli Prime Minister Benjamin Netanyahu, a resolution condemning Israeli building of settlements on the Palestinian Territories was submitted to the UN Security Council by the Palestinian Authority (PA) and the majority of Arab nations that support Palestinian statehood.

Less than one month later, on Feb. 18, the United States vetoed the resolution, against the otherwise unanimous support for it (14 out of 15 states) among the members of the UNSC. In addition, the resolution was supported by 120 sovereign state members of the General Assembly.

Obama's idiotic decision to veto the resolution flies in the face of warnings sent to him in a letter signed by dozens of former American ambassadors, cabinet officials, policy makers, rabbis, and academics. The signers of the letter, which was initiated by Steven Clemons of the New America Foundation, include former Defense Secretary Frank Carlucci, former Ambassadors Chas. Freemen, James Dobbins, Wendy Chamberlin, Edward Walker (to Israel), Nicholas Veliotes, John Gunther Dean, Richard Murphy, Thomas Pickering, William Quandt, retired Col. Lawrence Wilkerson (who had been deputy to Colin Powell), and former CIA senior official Paul Pillar, to name just a few.

"The time has come for a clear signal from the United States to the parties and to the broader international community that the United States can and will approach the conflict with ... the respect for international law required if it is to play a constructive role in the conflict's resolution," the letter to Obama said, and told him to instruct UN Ambassador Susan Rice to vote for this resolution.

Obama's whorish electoral politics trumped truthfulness, as his administration gears up to raise over $1 billion for his 2012 election campaign. The *Washington Post* wrote Feb. 19, that the resolution "would have angered Israel and its U.S. supporters, including Republican lawmakers who had urged the Obama Administration to stand with Israel at all costs."

In fact, the pressure from the Congress was bipartisan. Reps. Joe Walsh (R-Ill.) and Joseph Crowley (D-N.Y.) circulated a letter on Feb. 17 to Secretary of State Hillary Clinton urging her to "strongly make it clear that the U.S. will oppose any UN efforts to pressure Israel on the 'settlements' issue." The Walsh-Crowley letter, with 110 signatures, followed on the heels of an effort by House Majority Leader Eric Cantor (R-Va.) and Minority Whip Steny Hoyer (D-Md.), who wrote a letter to Obama, last month, demanding that he "pledge in response to this letter to veto any UN Security Council resolution that criticizes Israel regarding final status issues."

Ambassador Rice blithely told the Security Council that the U.S. veto should "not be understood to mean we support settlement activity." In fact, she said, "Continued settlement activity violates Israel's international commitments, devastates trust between the parties and threatens the prospect for peace." But a resolution declaring Israeli settlement activity illegal (which everyone knows is true) would risk "hardening the positions of both sides," she said.

However, the veto has killed the phony "peace process" that British agent Obama, and his Oxford-trained UN Envoy Susan Rice pretended to support, while allowing the Netanyahu government to get away with murder, and the Palestinian Authority—which is extremely weak—is saying so. Just after the veto, Nabil Abu Rudeineh, spokesman for Palestinian President Mahmoud Abbas, said, "This veto is not going to help the peace process, and it is going to complicate things in the Middle East.... The whole area is boiling and this American attitude is not going to help stabilize the region."

On Jan. 19, just as the UNSC resolution was being introduced, Palestine Liberation Organization senior official Nabil Sha'ath, who also is serving as a negotiator for the Palestinian Authority, and has served as the PA's acting foreign minister, told BBC television that the U.S., Britain, and the UN should stop blocking a resolution under Article 7, and enforce the resolution, just as they had done with the resolution against Iraq concerning weapons inspections.

Sha'ath said that international law demands that the Israelis get "out of our country," and that the end of illegal occupation is the only way to avert a failure of peace negotiations, which would lead ultimately "to an Apocalypse."

Pentagon's Deep Concerns Over Unrest in Arabia

Feb. 16 (EIRNS)—Washington intelligence sources confirm the reports of "deep concern" at the Pentagon over the protests in the oil-rich Persian Gulf state of Bahrain, base for the U.S. Navy's 5th Fleet, which operates at least one aircraft carrier in the Gulf at all times, along with an "amphibious ready group" of ships with Marines aboard.

A spokeswoman for 5th Fleet, Navy Cmdr. Amy Derrick-Frost, said on Feb. 16, "We are monitoring the situation here, as the protests are not directed at the U.S. military presence." Bahrain is one of four Gulf states with U.S. Patriot missiles based on their soil to defend against "potential" attack from Iran.

Meanwhile, the Middle East Newswire reported the arrival of a flotilla of American warships, which consists of the *USS Kearsarge* Expeditionary Strike Group of six warships, in the Suez Canal. Some of the helicopters on many of their decks have been put there to carry and drop the 2,200 marines of the 26th Marine Expeditionary Unit, which has been bolstered by two special operations battalions. The *USS Scranton,* which is designed to support special forces operations, also has joined the flotilla.

The newswire says the U.S. claims that the warships are there in preparation for the possible evacuation of Americans from the region.

'Ambrose of Arabia' Fears Arab Mass Strike Will Send Oil Prices Soaring

Feb. 18 (EIRNS)—The City of London's own would-be Lawrence of Arabia, Ambrose Evans Pritchard, fears the Arab mass strike could drive oil prices as high as its 2008 peak, $147 a barrel.

Pritchard pointed to the deaths in Bahrain and in Libya, and quotes Faysal Itani, of the consultants Exclusive Analysis, as saying, "Bahrain is the main danger, not because it is intrinsically important, but because it could trigger intervention by Saudi Arabia. We have heard reports that the Saudis have already dispatched troops and equipment to put down the uprising."

Itani adds, the "real issue" is whether the ferment spread to Saudi Arabia. "The Kingdom's Eastern province is also mostly Shi'ite and contains the vast majority of is oil reserves.... We do not believe things are as docile as presented. There is very high unemployment, deeply aggrieved minorities, and the army has been kept weak and divided for political reasons."

Asia News Digest

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India Could Be World Food Basket with New Green Revolution

Labor Shortage Changing China's National Economy

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China Moves To Control Inflation, Focus on Food Security

India's Singh: I Am Not A 'Lame Duck Prime Minister'

Feb. 19 (EIRNS)—With his government facing an avalanche of corruption charges and public outrage over burgeoning food price rises, India's Prime Minister Manmohan Singh sought refuge in his residence, and called TV networks on Feb. 16 to tell them: "We have a functioning government, and whatever some people may say, that we are a lame duck government, that I am a lame duck prime minister, we take our job very seriously."

For all practical purposes, the Singh-led United Progressive Alliance (UPA), a mishmash of coalition of parties headed by the Congress Party, has become non-functional. The proverbial straw that broke the camel's back is a telecom licensing swindle that saw the UPA ministers salting away about $40 billion of public money while the prime minister watched, remained silent, and was unwilling to act. Afraid to take responsibility of this huge money-swindle, Singh has blamed the arrested Telecom Minister A. Raja for the scam.

The telecom money swindle, known as the 2G scam in India, saw "85 of the 122 licenses were issued to companies which suppressed facts, disclosed incomplete information and submitted fictitious documents to DoT [Department of Telecommunications] and thus used fraudulent means of getting licenses and thereby access to spectrum." This was the conclusion prepared by the government's auditor, the Comptroller and Auditor General, in its report, submitted last November.

The corruption scandal laid bare the collaboration of the UPA and the business elite, which has benefitted the most from the recent economic growth at the expense of hundreds of millions of India's poor. The most powerful businessmen, such as

Anil Ambani and Prashant Ruia, have both been questioned by the domestic intelligence, CBI. A number of business houses have also been raided.

India Could Be World Food Basket with New Green Revolution

Feb. 13 (EIRNS)—India needs a second Green Revolution, but if that were achieved, India could become the "food basket of the world," Minister of State for Commerce and Industry Jyotiraditya M. Scindia said today. "[The] agriculture sector is critical for our economy as 60%-70% of our population is dependent on it for livelihood. We require 4.5%-5% growth in the farm sector to uplift our economy in rural areas," Scindia said. He was speaking at the Commerce Ministry's Agricultural Export Development Authority (APEDA).

Scindia emphasized the need for a second Green Revolution. Between 1965 and 1980, increased use of fertilizers, pesticides, irrigation facilities, and introduction of high-yield varieties of seeds—the first Green Revolution—nearly quadrupled the production of rice and wheat, and made India, a nation of 1.1 billion people, almost self-sufficient in food grain production. "With proper investment in agriculture, technical innovation and infrastructure for food processing, India could well become the food basket of the world," Scindia said.

Labor Shortage Changing China's National Economy

Feb. 13 (EIRNS)—Despite its huge population of 1.3 billion, China is facing a serious labor shortage, which makes economic development all the more urgent. In China, "the era of limitless labor supply has come to an end," Zhang Zhanxin, an expert on social security at the Chinese Academy of Social Sciences (CASS), told Xinhua. Although some 230 million people have left the countryside to find work in the cities, the growth rate of this huge workforce is dropping, seriously affecting the national economy. After 30 years of the one-child policy, the labor population and its ratio to the total population has decreased significantly, and the reserves of rural migrant workers have dropped by 20 million over the last three years, Xinhua's *Wenzhai* magazine reported.

The shortage is having most effect in the eastern coast, where China's labor-intensive export industries first developed 20 years ago. Now, interior cities such as Chongqing are also industrializing. East coast manufacturers have been forced to raise wages significantly over the past two years, as well as improve working conditions. Zhang said it is urgent to expand pensions, health care, housing, education, and other social benefits for migrant workers. Pressure is growing to reform the household registration policy, which prevents workers from getting full access to these benefits away from their original homes.

Zhang Yi of CASS's Institute of Population and Labor Economics, said that, "Increasingly, more young and fairly well-educated workers do not want to be in labor-intensive factories that pay low wages and produce low-value goods." Younger workers make up the vast majority of the migrant workforce.

South Korea Real Estate Bubble Starts To Blow; Two Banks Shut

Feb. 17 (EIRNS)—As hundreds of customers tried to enter a branch of Busan Savings Bank in South Korea, to withdraw their deposits, the Korean Financial Services Commission (FSC) today suspended operations of two savings banks as part of its ongoing restructuring of the savings bank sector hit by toxic construction debt. The great speculative bubble in condominium construction in Seoul and other cities is ending, leaving huge construction and real estate loans on the savings bank books.

The FSC also announced plans to provide a nearly $18 billion credit line to support other viable—but troubled—institutions. The regulator said it had halted the business of Busan Savings Bank, the No. 1 in the industry in assets, and its subsidiary, Daejeon Savings Bank, for six months, until Aug. 16, and suspended operations of Samhwa Savings Bank on Jan. 14, also for six months.

China Moves To Control Inflation, Focus on Food Security

Feb. 18 (EIRNS)—China's central bank has raised banking reserve requirements for the second time this year, in order to counter inflation and curb property-price rises. Reserve ratios will increase half a percentage point starting Feb. 24, the People's Bank of China announced on its website today.

Today's move came ten days after China raised interest rates. Reserve ratios stood at 19% for the biggest banks before the move, after being raised multiple times. Chinese banking authorities want to contain the international flood of valueless money, by damming it up in pools of back reserves away from the real economy.

The most recent figures have food inflation in China running at 10.3%, with anecdotal evidence that the non-official rate is far higher. Just today, the Ministry of Commerce released a draft measure on emergency management of food staples, aiming to prevent severe shifts in prices and supply of daily necessities. This extends and/or formalizes a number of previously announced measures to ensure the food supply at reasonable prices.

The ministry said it seeks to combat "abnormal" market developments, such as serious supply shortages of meat, vegetables, sugar, salt, dairy products, and other key goods, according to a draft published Feb. 17, on a website of the State Council. It also said the program is aimed at countering large-scale panic buying and price surges due to natural disasters or accidents.

Africa News Digest

- Grain Price Hyperinflation Slams Egypt, North Africa
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Grain Price Hyperinflation Slams Egypt, North Africa

Feb. 14—(EIRNS)—Fully 18% of all wheat imports globally in recent years, has gone to the grain-import-dependent nations of Egypt, and North Africa—Morocco, Mauritania, Algeria, Tunisia, and Libya. This is the world's biggest single wheat-importing region. Last year, for example, this meant 21.4 million metric tons to Egypt/North Africa, out of 133 mmt. of wheat imported worldwide in 2009-10. Now, the people all across this region—over 165 million—are faced with impossible, out-of-control wheat prices, and the same for corn prices, and prices of other imported staples.

"Put a cap on the prices now," Lyndon LaRouche stressed today, as an urgent policy. Helga Zepp-LaRouche issued a similar call from Europe. There is no recourse in quick, local remedies. There is no "spare" water to hand, to put to use in expanding farmland. It is the world shift that counts, beginning with getting Obama out of the Presidency, and unhinging the U.S. from the empire.

A few parameters of the extreme food situation in the Maghreb, Egypt, and the region eastward, just underscore this point.

Alongside Egypt, where 82 million people live, there are another 83 million in the Maghreb, all dependent on grain imports, especially wheat. They are:

* Mauritania—3.4 million people; producing almost no wheat, importing 330,000 tons a year.

* Morocco—32 million people, producing 1.5-4 mmt. a year; importing 4.5 to 7 mmt. a year.

* Algeria—34.5 million people, producing 1.5 to 2.5 mmt. of wheat yearly, and importing 4.5 to 7 mmt.

* Tunisia—10.5 million people, producing 1-1.5 mmt., and importing 1.5 to 2 mmt.

* Libya—6.4 million people, produces no wheat at all. They import 500,000 tons of wheat flour, tons of macaroni and pastry; and about 1 mmt. of wheat.

The variation in imports depends on whether rainfall was good or bad in the right season. Annual wheat imports are in the range of 13 mmt. for these 83 million people. For 82 million people in Egypt, wheat imports are at the 9 mmt. level.

Now, none of this is guaranteed.

Add into this, the second-biggest wheat-importing region, the "Mideast," as the U.S. State Department calls it, which imports around 18-20 mmt. of wheat annually; and fully 30% of the world's wheat exported, goes to these two regions, North Africa/Egypt, and the Mideast—Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, U.A.E., and Oman.

Ethiopia Is Dangerously Close to Hunger Riots

Feb. 18 (EIRNS)—Ethiopia's governing EPRDF party's unopposed domination of the country's institutions does not guarantee that Prime Minister Meles Zenawi will be immune to the dangerous social tensions that are building up over rising food prices in Ethiopia. The price of staples went through the roof in January, just at the time when the uprisings in Tunisia and Egypt were breaking out.

Rising food prices helped push Ethiopia's annual inflation rate up to 17.7% in January, from 14.5% in December, and increasing for a second straight month, official data showed on Feb. 14. Food prices, which have the largest weight in Ethiopia's inflation measure, rose 13.6% from a year earlier, the Central Statistics Agency (CSA) said.

Zenawi has said that if traders failed to cut prices on essential goods in accordance with the price caps, then government outlets would start selling items at fixed prices.

Ethiopia, with its population of 83 million—a vast number of whom remain permanently undernourished—is a food-short nation. In 2008, when food prices soared around the world, and Ethiopia did not have enough foreign reserves to buy food from abroad, hunger riots broke out. In 2008, food riots took place in Egypt, Cameroon, Ivory Coast, Senegal, Burkina Faso, Ethiopia, Indonesia, Mauritania, Madagascar, the Philippines, Pakistan, and Mexico in the month of March.

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